

FISCAL NOTE

SB 658 - HB 1507

March 26, 2007

SUMMARY OF BILL: Authorizes additional method for determining value or compensation paid for leasehold interests and bundle of rights, as it applies to eminent domain law. Such value or compensation may be established based upon any valuation method or process commonly used by owners that can be proven by testimony of a licensed real estate appraiser.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$1,310,000 / Highway Fund
\$310,000 / General Fund**

Assumptions:

- “Leasehold value” refers to the value of rental payments paid by any lessee to a property owner as part of a leasehold agreement.
- “Business value” refers to the business income generated by the lessee as a result of the leasehold agreement.
- According to the Tennessee Department of Transportation (TDOT), leaseholders are currently reimbursed the fair market value of the leasehold interest and expenses for relocating to another location; Lessees are not reimbursed based on business value.
- According to TDOT, this legislation would require additional payments to lessees (especially lessees considered outdoor advertising device entities) based on the business value of leasehold interests. The department estimates additional payments from the Highway Fund to be approximately \$1,000,000 per year.
- Five (5) positions for TDOT (one attorney, one paralegal, and three business valuation consultants).
- The increase to recurring state expenditures from the Highway Fund for five TDOT positions is estimated to be \$310,000 per year.
- Five (5) positions for the Office of Attorney General (one attorney, one paralegal, and three business valuation consultants).

- The increase to recurring state expenditures for five Attorney General positions is estimated to be \$310,000 per year.
- According to the Tennessee Supreme Court, the number of caseloads will increase as a result of this legislation. However, such additional caseloads would be absorbed within existing judicial resources.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director